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Are you emotionally ready to retire?

By Maureen E. Hansen, CLU

Do you catch yourself looking out the window, dreaming of a day when your life is less harried, you have time to pursue your hobbies and the freedom to travel whenever you want? If so, early retirement may sound like a dream come true. But early retirement isn't as simple as it may seem. Not only do you have to consider the financial cost of early retirement, you also need to determine if you are emotionally ready to retire.

The transition from a structured to an unstructured lifestyle can be unnerving if you are not prepared. When our clients retire, they often feel as if they are on vacation for the first month or so. After that, the realization that they are not returning to work starts to sink in. This is when anxiety can creep in. However, the process of adjusting can be far less stressful if you establish a plan well in advance.

An Emotional Plan for Retirement

Long before your going away party at the office, you need to decide what you want for your retirement—leisure time, volunteer work,

establishing a legacy? In addition, have you established a plan for both the financial and non-financial aspects of retirement?

To help you get started on the road to retirement, here are some key issues to consider.

Set Lifestyle Goals. Make a list of 10 things you would love to do if you could afford to retire. Next, write down how much time you currently spend on these activities. More than likely, you have a retirement dream that includes a lot of exciting pursuits. But if you are not pursuing these activities now, what makes you think retirement will change this? According to experts, most people make the time to do the things they love no matter how busy they are. As a result, consider how realistic your retirement pursuits are and just how much they mean to you.

If you have spent the last 20 or 30 years of your life being a workaholic, determine how you can best use the energy you have put into your career into retirement activities. This will help you offset feelings of boredom or uselessness.

Build a Network. Studies show that a person may spend as many as 30 to 40 years in the retirement stage of life. As a result, it is vital that you have a good support system for this next phase of your life. Make time to socialize with your

friends. In addition, talk to friends and colleagues who have already made this transition to find out what activities they've found enjoyable and how the adjustment process was for them.

Consider Your Spouse's Feelings. Retirement is also an adjustment for the spouse who is either continuing to work or already staying home. Talk with your spouse candidly to see if they have the same ideas as you do about what will happen during your retirement years. It is quite common for only one person in the marriage to retire early. This may cause some uneasiness for the person retiring or the one staying in the work force. For example, the working spouse may expect the retired spouse to be responsible for more of the household chores. Or, the working spouse may resent the freedom the retired spouse has. According to a Cornell University study, friction is most common when the husband retires before the wife retires. To ensure your piece of mind, as well as your spouse's, work together and establish a game plan that makes you both happy.

Live Your Dream. Consider pursuing things you have always wanted to do, but never had the time to really enjoy. A retired executive I know always wanted to learn carpentry because his father was a carpenter. Now, he volunteers building

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houses at Habitat for Humanity. Perhaps your goals include gardening, exercising, playing with your grandchildren, learning to play a musical instrument, or taking a class or two at a community college.

Your Financial Needs

With the help of a financial planner, determine whether or not you have the financial means to retire early. Your Social Security payment is based on the average of your best 35 years of work, adjusted for inflation. So, if you retire too soon, some of those 35 years will be computed as zeros. In addition, the full retirement age of 65 for Social Security benefits applies to those born in 1937 or earlier. If you were born later than 1937, your full retirement age moves up on a graduated scale. For example, the full retirement age for people born in 1960 or later is currently 67 years of age. Regardless of your retirement age, you can start collecting Social Security at age 62, although you get docked five-ninths of 1 percent for every month you are younger than 65.

Another financial consideration to address is health care benefits. Make sure you check with your current employer to see how long your medical insurance will last. You may have a gap between your medical insurance and the time Medicare kicks in at age 65. Rising health care costs can make considerable dents in your overall budget if you aren't prepared for them.

Consider Another Option

Have you considered semi-retirement? Working part-time or part of the year may provide the financial stability you need while removing some of the undue stress in your life. For many of our clients, this option provides a great transition into full retirement.

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